

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE See Block #2		PAGE OF PAGES 1 of 24	
2. AMENDMENT/MODIFICATION NO. 0002		3. EFFECTIVE DATE 03FEB01		4. REQUISITION/PURCHASE REQ.NO.		5. PROJECT NO. (If applicable)	
6. ISSUED BY AEDC/PKM CODE USAF CONTRACT DIVISION 100 KINDEL DRIVE, SUITE A337 ARNOLD AFB TN 37389-1337				7. ADMINISTERED BY (If other than Item 6) CODE			
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)				(X)			
				9A. AMENDMENT OF SOLICITATION NO. F40600-03-R-0001			
				9B. DATED (SEE ITEM 11) 6 January 2003			
				10A. MODIFICATION OF CONTRACT/ORDER NO.			
				10B. DATED (SEE ITEM 13)			
CODE		FACILITY CODE					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
<input checked="" type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input checked="" type="checkbox"/> is not extended.							
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. ACCOUNTING AND APPROPRIATION DATA (If required)							
13. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
(X)							
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: () THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. ITEM 10A.							
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).							
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:							
D. OTHER (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) The purpose of this amendment is to incorporate the Award Fee/Term Plan into the solicitation. Accordingly, the following change is made: A. Section J - List of Attachments (Page 46 of 46) is amended to incorporate the Award Fee/Term Plan dated 31 Jan 03. A replacement page is attached. The Award Fee/Term Plan (Attachment 6) is also attached (22 Pages). Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.							
15A. NAME AND TITLE OF SIGNER (Type or print)				16A. NAME AND TITLE OF SIGNER (Type or print)			
				JOHN L. SUTTON			
15B. CONTRACTOR/OFFEROR		15C. DATE SIGNED		16B. UNITED STATES OF AMERICA		16C. DATE SIGNED	
(Signature of person authorized to sign)				BY _____		(Signature of Contracting Officer)	

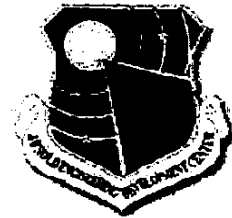
PART III - LIST OF DOCUMENTS, EXHIBITS & ATTACHMENTS
SECTION J - LIST OF ATTACHMENTS

DOCUMENT	PGS	DATE	TITLE
EXHIBIT A	133	06 JAN 2003	CONTRACT DATA REQUIREMENTS LIST
EXHIBIT B	194	06 JAN 2003	DATA ITEM DESCRIPTIONS
ATTACHMENT 1	1	06 JAN 2003	ESTIMATED COST BY PERFORMANCE WORK STATEMENT
ATTACHMENT 2	9	18 DEC 2002	CONTRACT SECURITY CLASSIFICATION SPECIFICATION
ATTACHMENT 3	1	06 JAN 2003	SUBCONTRACTING PLAN
ATTACHMENT 4	33	26 NOV 2002	SERVICE CONTRACT ACT WAGE DETERMINATION NOTICE
ATTACHMENT 5	6	05 DEC 2002	DAVIS-BACON ACT WAGE DETERMINATION NOTICE
ATTACHMENT 6	22	31 JAN 2003	AWARD FEE/TERM PLAN
ATTACHMENT 7	4	06 JAN 2003	STATEMENT OF OBJECTIVES
ATTACHMENT 8	174	06 JAN 2003	PERFORMANCE WORK STATEMENT
ATTACHMENT 9L	11	06 JAN 2003	PRAG ATTACHMENTS 9L.1 THRU 9L.6
ATTACHMENT 10L	33	06 JAN 2003	COST ATTACHMENTS 10L.1 THRU 10L.4
ATTACHMENT 11L	4	06 JAN 2003	WORKLOAD RESOURCE GUIDE 11L.1 THRU 11L.3
ATTACHMENT 12L	1	06 JAN 2003	MISSION CAPABILITY VOLUME CROSS REFERENCE MATRIX

ATTACHMENT 6



AWARD FEE/TERM PLAN



FOR THE

**OPERATION, MAINTENANCE,
INFORMATION MANAGEMENT, AND SUPPORT
OF ARNOLD ENGINEERING DEVELOPMENT CENTER (AEDC)**

PREPARED BY:

JOHN L. SUTTON
Contracting Officer
AEDC/PKM, DSN 340-6886
Date: 15 JAN 03

RONALD L. POLCE
Technical Director
AEDC/DO, DSN 340-6886
Date: 15 JAN 03

RECOMMEND FOR APPROVAL:

TEMPLE BOWLING, IV
Senior Center Contracting Official
AEDC/PK, DSN 340-7806
Date: 16 JAN 03

CAPT LARRY V. JUDGE, USN
Vice Commander
AEDC/CV, DSN 340-5201
Date: JAN 16 2003

COL DAVID J. EICHHORN
Commander
Chairperson, Award Fee/Term Review Board
AEDC/CC, DSN 340-7806
Date: 17 JAN 03

APPROVAL:

TIMOTHY A. BEYLAND
Fee/Term Determining Official
Air Force Program Executive Officer For Services
DSN 425-7190
Date: 1/21/03

Table of Contents

<u>Section</u>	<u>Title</u>	<u>Page</u>
1.0	Introduction	3
2.0	Organization and Responsibilities	4
3.0	Award Fee Process	7
4.0	Evaluation Requirements	9
5.0	Computation of Award Fee	10
6.0	Interim Evaluation	10
7.0	Award Term Process	11
8.0	Changes to Award Fee/Award Term Plan	13
9.0	Contract Termination	13

Annexes

<u>Annex #</u>	<u>Subject</u>	<u>Page</u>
1	Award Fee/Term Review Board	14
2	Award Fee/Term Performance Evaluation Areas	15
3	Statement of Objectives	16
4	Performance Assessment Matrix Master Template	19
5	Rating Definitions	20
6	Award Fee Allocations by Periods	22

AEDC AWARD FEE/TERM PLAN

1.0 INTRODUCTION

1.1 This Award Fee/Term Plan (hereafter referred to as the “plan”) is the basis for the evaluation of contractor performance for the contractual Operation, Maintenance, Information Management, and Support of the Arnold Engineering Development Center (AEDC) and for presenting an assessment of that performance to the Fee/Term Determining Official (F/TDO). It describes criteria and procedures used to assess the contractor’s performance and to determine the amount of award fee earned and/or award term options that may be awarded. Actual award fee/term determinations are unilateral decisions made solely at the discretion of the Government.

1.2 This plan implements Special Contract Requirement H119 entitled, “Award Fee and Award Term” dated December 2002 set forth in the contract. The award fee will be provided to the contractor through unilateral contract modifications. This award fee plan satisfies the requirements of AFI 63-124 for a quality assurance evaluation process.

1.3 The award fee/award term incentives are intended to be motivational tools. The Award Fee/Term Review Board (AF/TRB) and the F/TDO shall not hesitate to use significant swings, positive or negative, in the rating from one period to another if performance changes. There is neither a requirement nor a presumption that the rating for a given period will become a baseline for the rating applicable to future periods.

1.4 This award fee/term plan is intended to incentivise excellent performance in meeting day-to-day operational requirements while accomplishing the longer-term objectives as set forth in the Statement of Objectives (SOO). Performance measures will be established each evaluation period in accordance with Section 3.1 that address both. From the initial evaluation period, strong attention must be placed on implementing and achieving the results of the longer-term objectives. The AF/TRB and the F/TDO will consider how well the contractor achieves all performance measures in determining the award fee score. The contractor’s degree of success in achieving the SOO will be a major consideration in deciding whether to award an additional period of performance (award term option).

1.5 The total possible contract term is 12 years which includes four one-year award term options. The Contracting Officer will exercise award term periods awarded through unilateral contract modifications, subject to the Availability of Funds clause (See Section I, FAR Clause 52.232-18), together with a Determination and Findings that the award of the term period meets the conditions of FAR 17.207(c). The award term evaluation period will commence at the beginning of the fifth option period (FY 09) if all preceding options are exercised. The award term option process is described in Section 7.0 of this plan.

2.0 ORGANIZATION AND RESPONSIBILITIES

2.1 The award fee/term organization (See Figure 1) will consist of:

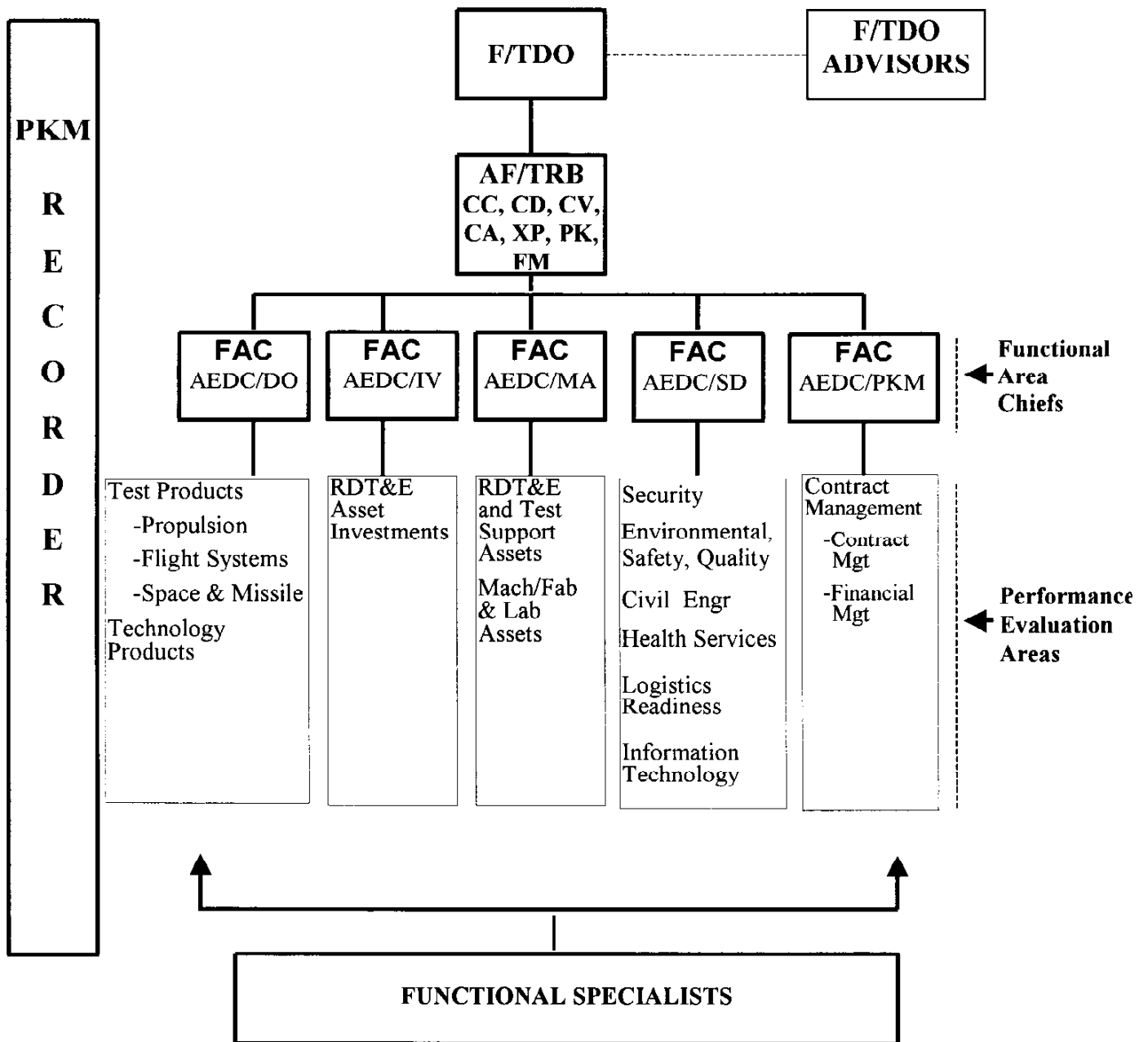
a. The Fee/Term Determining Official (F/TDO) who is the Air Force Program Executive Officer for Services or his designee. The F/TDO may be assisted by a group of advisors including AFPEO/SV, HQ SAF/AQ, and HQ AFMC staff members.

b. An Award Fee/Term Review Board (AF/TRB) consisting of a chairperson, a recorder, and senior members of the Government staff including the contracting officer. The members of the AF/TRB are listed in Annex 1.

c. Performance Monitors who include Functional Area Chiefs (FACs), Performance Evaluators, and functional specialists. FACs are identified by position in Annex 2.

(See Figure 1 on Next Page)

Figure 1

AWARD FEE/TERM ORGANIZATION

2.2 The responsibilities are:

a. **Fee/Term Determining Official (F/TDO).** The F/TDO will approve the award fee/term plan and any significant changes to it. The F/TDO will approve the members of the AF/TRB and appoint a Chairman. Within 45 days after each evaluation period, the F/TDO will review the recommendation of the AF/TRB; consider all appropriate data; determine the amount of award fee earned and payable to the contractor; determine if an award term period is to be awarded, and advise, in writing, the Contractor and Contracting Officer of the fee determined along with a description of the contractor's strengths, areas for improvement, and emphasis areas for future periods.

b. **Award Fee/Term Review Board (AF/TRB).** The AF/TRB will consist of senior-level members of the AEDC staff familiar with the type of work to be evaluated. The AF/TRB will review the performance monitors' evaluations of the contractor's performance; the contractor's self-evaluation; and other pertinent information from other technical or contracting sources to arrive at a fee recommendation to be presented to the F/TDO. The AF/TRB will recommend any changes to this plan to the F/TDO.

c. **Award Fee/Term Review Board Chairperson.** The chairperson chairs the AF/TRB meetings. The AF/TRB chairperson briefs the F/TDO on the contractor's overall performance, the recommended award fee for the period under review, and recommendations on award fee/term plan changes. The chairperson ensures the performance evaluation is thorough and covers all areas required to support the award fee/term recommendation including contractor strengths, weaknesses, and areas for improvement or emphasis. The chairperson will resolve any disputes within the AF/TRB. The chairperson of the AF/TRB is the AEDC Commander. If the F/TDO delegates his responsibilities to the AEDC Commander, then the AEDC Vice-Commander shall serve as chairperson.

d. **Functional Area Chief (FAC).** FACs are senior Government officials responsible for services performed by the contractor. FACs monitor the contractor's operations and provide award fee/term evaluations in accordance with this plan; establish key performance indicators in conjunction with the contractor as appropriate; and designate performance evaluators who will provide input to them in their respective areas of expertise. FACs evaluate performance, document strengths, weaknesses, and areas for improvement or emphasis, and maintain written or electronic records of their evaluations. FACs prepare and maintain a performance assessment matrix for each assigned performance evaluation area or grouping of areas. FACs prepare interim and end-of-period performance evaluation reports and brief them to the AF/TRB or F/TDO as requested. FACs recommend changes to the award fee/term plan. FACs are not voting members of the AF/TRB.

e. **Performance Evaluators (PE).** Performance evaluators assist the FAC in monitoring and evaluating the contractor's performance in their assigned evaluation area(s). PEs assist in the development of key performance indicators; validate the results of key performance indicators, bring significant problems or issues to the attention of the FAC; obtain input from functional specialists as appropriate; and assist and advise the FAC in refining and improving the surveillance, evaluation, and reporting process. PEs maintain written records of the contractor's

performance and prepare interim and end-of-period evaluations as directed by the FAC and this plan. PEs may brief the AF/TRB at midterm or the end of the evaluation period at the request of the AF/TRB. PEs are designated by the FAC.

f. **Functional Specialists.** Functional specialists are individuals skilled in a particular function performed by the contractor and responsible for providing input to the PEs upon request. No specific award fee contract management function is assigned to a functional specialist. PEs are authorized and encouraged to make use of the expertise which reside in functional specialists. Functional specialists will respond to requests from PEs and should voluntarily call the PE's attention to contractor performance which exceeds or falls short of contract standards.

g. **Administrative Contracting Officer (ACO).** The ACO is the liaison between contractor and Government personnel. The ACO ensures an audit trail is in place that substantiates the AF/TRB recommendation and F/TDO determination. Specific responsibilities include transmitting the F/TDO award fee/term letters to the contractor; preparing and distributing the modification awarding the fee/term; notifying the contractor of any changes to the plan, and providing orientation and guidance to AF/TRB members, FACs, and PEs to assist them in performing their respective evaluation duties. The ACO maintains appropriate award fee documentation as a part of the official contract file.

h. **Recorder.** AEDC/PKM performs this function and is a nonvoting member of the AF/TRB. The recorder is responsible for coordinating the administrative actions required by the PEs, the FACs, the AF/TRB and the F/TDO. This includes receipt, processing and distribution of evaluation reports from all required sources; scheduling and assisting with internal evaluation milestones, such as briefings; and accomplishing other actions required to ensure the smooth operation of the award fee process. The ACO may act as the Recorder.

3.0 AWARD FEE PROCESS

3.1 The Performance Work Statement (PWS) describes the work to be performed over the span of this contract in broad terms. To enhance the effective accomplishment of this work, a performance assessment matrix that specifies clear and achievable performance objectives for the period being evaluated, including standards that characterize various degrees of performance, is prepared for each evaluation area or areas each period. Performance measures will assess the contractor's performance in meeting day-to-day operational requirements and accomplishing the longer-term objectives as set forth in the Statement of Objectives (SOO). The performance assessment matrices are prepared prior to or at the beginning of each evaluation period. The performance assessment matrices are prepared by the FACs (with assistance from the PEs) working in a partnership environment with the contractor. Performance measures (referred to as key performance indicators (KPIs)) may include key measures from the Service Delivery Summaries. How well the contractor achieves these performance objectives plus any additional considerations serves as the primary basis for evaluating the contractor's performance for each award fee evaluation period.

3.2 Each FAC with the assistance of the PEs will assess the contractor's performance in designated areas using the objectives set forth in Annex 3 and the performance assessment matrix outlined in Annex 4. The specific measures and goals for each performance evaluation area will vary based on specific performance requirements. Goals for each period will be established in most cases by mutual agreement between the FAC and the contractor. The performance measures and goals generally do not change during the period with one exception. Improvement or emphasis areas set forth in the F/TDO letter shall be incorporated into the performance assessment matrices as appropriate. If other changes are necessary, they shall be made in accordance with the principles set forth in Section 8.0 of this plan.

3.3 Performance goals met by the contractor represent Excellent performance (in most cases) and will be denoted by a check mark in the matrix. The FAC, with the assistance of the PE for each performance measure, will assign a performance color code representing Excellent, Very Good, Good, Satisfactory or Unsatisfactory performance. The performance color code assigned blends the objective and subjective assessment of performance, based on the key performance indicator and any overarching circumstances in which they're achieved, as described in the remarks column of the matrix.

3.4 Each FAC, assisted by the performance evaluators, will subjectively integrate the assigned ratings for all the performance measures including consideration of any additional factors and assign an overall rating (Excellent, Very Good, Good, Satisfactory, Unsatisfactory) for the performance evaluation area. These ratings form the basis of the FACs integrated assessment of the contractor's overall performance at the end of each evaluation period. Rating definitions are found at Annex 5.

3.5 The Recorder assists the AF/TRB in preparing a detailed presentation for the F/TDO of the contractor's performance and a recommendation of the fee/term to be awarded at the end of each evaluation period. Annex 6 provides the award fee pools available for each evaluation period.

3.6 The Recorder establishes the schedule for the award fee process and notifies the participants.

3.7 The contractor may submit to the Administrative Contracting Officer within five (5) working days after the end of each period, a brief written self-evaluation of its performance for that period. This self-evaluation shall not exceed five (5) pages.

3.8 The AF/TRB may request that the contractor give a presentation describing its performance for the period. The F/TDO may also request that the contractor give a presentation describing its performance for the period.

3.9 The F/TDO makes the fee determination at the conclusion of the AF/TRB presentation. The AF/TRB presentation is scheduled to occur within 45 days of the end of the evaluation period. The F/TDO letters are usually signed the same day as the AF/TRB presentation and fee determination.

3.10 The AF/TRB may recommend changes to the award fee plan at any time.

3.11 The Administrative Contracting Officer prepares a contract modification awarding the determined fee and issues the FDO letters. The modification is prepared the next workday following the fee determination.

3.12 The Contractor may voucher for the award fee immediately upon receipt of the contract modification authorizing its payment. The Government will pay the voucher within fourteen work days after the fee determination. Normally, the voucher will be processed the next workday after the fee determination.

4.0 EVALUATION REQUIREMENTS

4.1 The Statement of Objectives at Annex 3 are long term, high-level objectives meant to guide the contractor's actions and behavior over the life of the contract. These objectives are given specificity by the performance assessment matrices as described in Annex 4.

4.2 The Government, before an evaluation period is started, may unilaterally modify the award fee key performance indicators and/ or goals and their relative importance in determining the award fee for a given evaluation period. It is desired that each FAC, with the assistance of the PEs, and the contractor will mutually agree to the measures and goals prior to the beginning of each evaluation period. Occasionally, it may be impractical for all key performance indicators to be finalized before the beginning of the award fee period. In such cases, the key performance indicators will be finalized as soon as practical after the period begins. If the Contracting Officer or performance evaluator does not give specific notice to the Contractor of any change to the key performance indicators or goals prior to the start of a new evaluation period, then the same ones listed for the preceding period will be used in the following award fee evaluation period as appropriate.

4.3 The Government, before a given evaluation period is started, may also unilaterally identify special emphasis areas for a given evaluation period and a portion of the award fee pool for that evaluation period may be set-aside. The Contracting Officer will provide written notice of these changes before the relevant evaluation period is started. The award fee plan will be modified to reflect any changes.

4.4 The AF/TRB will consider data from, but not limited to, the following sources in making its award fee recommendation: 1) Evaluation reports and briefings from evaluators; 2) CDRL items; 3) DCAA, DCMC reports and special audits; 4) Inputs from AEDC customers; and 5) Special surveys or studies.

4.5 The base fee under this contract is \$0. No rollover of unearned award fees is permitted. Partial or provisional payments of the anticipated award fee amount are not authorized.

5.0 COMPUTATION OF AWARD FEE

The maximum payable award fee in any evaluation period shall be determined based on the award fee pool amounts set forth in the contract and a percentage based on the Government's evaluation of the contractor's performance as follows:

Rating	Point Score	% of Award Fee Pool for Period
Excellent	100 - 98	100
	97 - 96	96
	95 - 94	92
	93 - 92	88
	91 - 90	84

Very Good	89 - 87	81
	86 - 84	78
	83 - 81	75

Good	80 - 78	72
	77 - 75	69
	74 - 72	66

Satisfactory	71 - 69	63
	68 - 66	60

Unsatisfactory	= or <65	0
-----------------------	----------	---

6.0 INTERIM EVALUATION

At approximately the midpoint of the evaluation period, the Award Fee/Term Review Board Chairperson will send an interim letter to the contractor that addresses strengths and weaknesses of the contractor's performance with emphasis on areas needing improvement. The contractor may also submit a mid-term self-assessment to the Government. The results of the interim evaluations will become an input into the final determination for the evaluation period.

7.0 AWARD TERM PROCESS

7.1 In addition to the award fee incentive, the Contractor may be awarded up to four one-year additional periods of performance (FY 12 - 15) if all regular options are exercised (FY 05 – 11) and the requirements of the award term plan and FAR 17.207(c) are met. The award term evaluation period will commence at the beginning of the fifth option period (FY 09). The relationship between evaluation periods and award term years is as follows:

Evaluation Period	Award Term Year
FY 09 & 10	FY 12
FY 11	FY 13
FY 12	FY 14
FY 13	FY 15

If the first award term option is not awarded, then the award term incentive ceases for all following years. If the Contractor receives the first award term year, but not the second, then the award term incentive ceases for all remaining future years. If the Contractor receives the first and second award term years, but not the third, then the award term incentive expires.

7.2 The contractor will be awarded the first award term year (FY 12), if the following are met:

- The contractor is achieving the Statement of Objectives as subjectively determined by the F/TDO; and

- The average award fee point score over the four award fee periods in FY 09 & FY 10 equals or exceeds 90; and

- No F/TDO determined award fee score in any of the four periods is less than 80; and

- The conditions in Section 7.1 above are met.

The four scores used to determine the average are the point scores as determined by the F/TDO through the award fee process.

7.3 The contractor will be awarded the second award term year (FY 13), if the following are met:

- The contractor is achieving the Statement of Objectives as subjectively determined by the F/TDO; and

- The average award fee point score over the two award fee periods in FY 11 equals or exceeds 90; and

- The conditions in Section 7.1 above are met.

The two scores used to determine the average are the point scores as determined by the F/TDO through the award fee process.

7.4 The contractor will be awarded the third award term year (FY 14), if the following are met:

The contractor is achieving the Statement of Objectives as subjectively determined by the F/TDO; and

-The average award fee point score over the two award fee periods in FY 12 equals or exceeds 90; and

-The conditions in Section 7.1 above are met.

The two scores used to determine the average are the point scores as determined by the F/TDO through the award fee process.

7.5 The contractor will be awarded the fourth award term year (FY 15), if the following are met:

The contractor is achieving the Statement of Objectives as subjectively determined by the F/TDO; and

-The average award fee point score over the two award fee periods in FY 13 equals or exceeds 90; and

-The conditions in Section 7.1 above are met.

The two scores used to determine the average are the final scores as determined by the F/TDO through the award fee process.

8.0 CHANGES TO THE AWARD FEE/TERM PLAN

All changes to this plan will be approved by the F/TDO. The contracting officer shall notify the contractor in writing of any change(s). Unilateral changes may be made to the award fee plan if the contracting officer, 30 days before the start of an upcoming evaluation period, provides the contractor written notification. Changes affecting a current evaluation period must be by mutual/bilateral agreement.

9.0 CONTRACT TERMINATION

If the contract is terminated for convenience of the Government after the start of an award fee period, the award fee deemed earned will be determined by the F/TDO using the normal award fee evaluation. The remaining dollars for all subsequent periods will not be considered available or earned and shall not be paid.

Annexes:

1. Award Fee/Term Review Board
2. Award Fee/Term Performance Evaluation Areas
3. Statement of Objectives
4. Performance Assessment Matrix Template
5. Rating Definitions
6. Award Fee Allocations by Periods

ANNEX 1

Award Fee/Term Review Board

Members:

Award Fee/Term Review Board Chairperson: AEDC Commander

Award Fee/Term Review Board Members: AEDC Executive Director
AEDC Vice Commander
AEDC Technical Advisor
Chief, Comptroller Division
Chief, Plans & Requirements Division
Chief, Contracting Division (Contracting Officer)
Recorder, AEDC/PKM (non-voting)

ANNEX 2

Award Fee/Term Performance Evaluation Areas and FACs

PWS Reference	Evaluation Area	FAC
1.1	Test Products <ul style="list-style-type: none"> • Propulsion • Flight Systems • Space and Missiles 	AEDC/DO
1.2	Technology Products	AEDC/DO
2.1	RDT&E Asset Investments	AEDC/IV
3.1	RDT&E and Test Support Assets	AEDC/MA
3.2	Machine and Fabrication and Laboratory Assets	AEDC/MA
4.1	Security	AEDC/SD
4.2	Environmental, Safety, and Quality	AEDC/SD
4.3	Civil Engineering	AEDC/SD
4.4	Health Services	AEDC/SD
4.5	Logistics Readiness	AEDC/SD
5.1	Information Technology	AEDC/SD
6.1	Contract Management <ul style="list-style-type: none"> • Contract Management • Financial Management 	AEDC/PKM

The Government will partner with the Contractor after contract award to finalize the performance evaluation areas and establish the key performance indicators.

ANNEX 3

Statement of Objectives

1.0 Technical Excellence:

Ensure proactive and sustained technical excellence in providing accurate, safe, secure, timely, and efficient support to meet the Government's established requirements. Sustained technical excellence is essential for AEDC to execute its mission and increase its value to the nation and to its customers. Key results/outcomes of proactive and sustained technical excellence include:

- Customers receive high value, accurate, and reliable system development knowledge upon which they rely with confidence when making decisions. System development knowledge is the ultimate product to an AEDC customer. A customer engages AEDC with the intent to acquire data, information, and knowledge to aid them in the development, characterization, performance enhancement, or qualification of a system or to validate completion of development milestones.
- Sustainment of test and evaluation expertise and technology to support current and future weapon systems development using both traditional ground-test environmental simulation and computer simulations of weapon systems' performance. Experienced senior technical personnel provide technical leadership in the Center's core mission areas.
- Employment and advancement of Integrated Test and Evaluation (IT&E) techniques; the integration of computational modeling techniques (computer simulations) with ground test and flight test data to expand and enhance the utility of test results and/or to determine the next step in a test program. IT&E involves the correlation, validation and updating of computational models with both ground and flight test data
- Outstanding customer relations. Effective customer relation activities garner the highest level of trust in AEDC's processes and services.
- Infrastructure operations, maintenance, and investments effectively support mission requirements at the least possible cost.
- Mission support services are responsive, effective, and efficient.
- Personnel are experienced, versatile and readily adaptable to the employment of new techniques, procedures, and technology.

2.0 Effective Management and Processes:

Provide a fully qualified, experienced, and proactive management team committed to integrating and optimizing across all PWS elements. Develop a relationship with the Government built on open, honest communication and focused on the best interest of AEDC and its mission. Verify and measure performance to ensure delivery of proposed results, support management and decision-making, and facilitate communications. Administer and deliver tasks through a documented set of disciplined, mature and continuously improving processes with a focus on

cost-efficiency, responsiveness, and consistently high-quality delivery. Key results/outcomes of effective management and processes include:

- Assignment of a proactive leadership team that is qualified in:
 - Managing, operating, maintaining, and modernizing large, complex technical or industrial facilities;
 - Managing the full spectrum of support services vital to AEDC's mission accomplishment; and
 - Managing change to fully realize the potential gains while minimizing the unrest and disruptions that often accompany significant change.
- Processes are streamlined, well-defined, and incorporate performance measures that motivate high performance, facilitate timely decisions, and guide actions. Processes and procedures involve the minimum resource outlay to accomplish work while achieving schedule requirements and performance goals.
- Personnel and scheduling flexibility efficiently supports a dynamic requirements environment across all facets of AEDC's test and evaluation mission execution. Results include quick, efficient, and effective adjustment of labor and material resources.
- Teamwork is recognized as a hallmark of AEDC's Government-managed, contractor-assisted business model. Effective lines of communication with all AEDC partners, customers, and interfacing contractors ensures effective mission execution.
- Use of industry best practices, standards, and models for operations, maintenance, engineering, and support functions reduce cost and enhance productivity within the context of laws, regulations, policies, and the AEDC environment. Waivers for those practices shown to be beneficial but prevented by current regulations and policies are proposed.

3.0 Performance Dependability:

Ensure high asset (test facilities, plants, support facilities, utility systems, and equipment) reliability, availability, maintainability, and configuration management. Key results/outcomes of performance dependability include:

- Interruptions to operations and services are minimal and mission objectives and customer satisfaction are attained. Operations, maintenance, investment, and base support actions are responsive, well integrated, and thoroughly coordinated with customer and Government interests.
- Advanced maintenance management techniques are employed and infrastructure performance data is used to drive decisions. Schedule execution reflects the benefits of proactive maintenance, well-planned lifecycle sustainment (modernization and upgrade), and configuration management of all assets.
- Maintenance and repair, improvement and modernization, and technology investments are effectively applied to eliminate gaps between current asset capability and forecasted needs. Existing infrastructure is reduced or modified and new infrastructure is recommended to meet mission needs.

- AEDC's physical, environmental, and cultural assets are protected; AEDC maintains its leadership position in environmental stewardship.

4.0 Efficient and Effective Information Technology and Systems:

Apply information technology, systems and processes that integrate and streamline information flow to facilitate timely management decisions, enable reliable facility operations, and provide high quality test and evaluation data. Key results/outcomes of efficient and effective information technology and systems include:

- Architectures, technologies, and standards promote horizontal integration of processes Center-wide.
- On-demand data access through a seamlessly integrated interface, to authoritative, relevant and sufficient information for all Government and contractor personnel to perform their duties efficiently and effectively.
- Management information systems interoperate with DoD information systems so that data flows smoothly to and from government standard information systems in a timely, reliable, efficient, and accurate manner.
- Data acquisition and facility control systems are effectively integrated to provide accurate data and safe, responsive facility operation.
- Full compliance with information security directives. Systems are protected from attack/or intrusion by both outside forces and internal disruption.

5.0 Cost Reduction and Control:

Significantly reduce and aggressively control the cost of AEDC test and support operations and services while maintaining technical excellence within manageable levels of risk. Steward resources in the spirit of public service; identify needs and tactics to optimize efforts; and deliver test and support operations and services on time and within resource constraints. Key results/outcomes of cost reduction and control include:

- Cost reduction and other improvement initiatives produce substantial savings, productivity gains, and other qualitative benefits.
- Proposed initiatives leverage ongoing AEDC initiatives (especially facility modernization initiatives) and are accelerated to maximize benefits in the early years of the contract.
- Cost factors are traceable to work outputs and provide real-time information to support mission decisions. Cost data is collected to facilitate Government cost allocation to customers.
- Timely and accurate cost accounting, thorough assessment, and sound recommendations to address anomalies.

F40600-C3-R0001 Amd 0002

1) **Key Performance Indicators (KPIs)** are the specific measurements that have been deemed necessary, and agreed to by the AF and Contractor, to understand performance. Indicate whether the KPI is operational (O), long term (L), or both (B)

2) **Units** are simply the units of measure for the KPI.

3) **Baseline** is the year/quarter/period that the particular measurement being addressed will be referenced back to, in order to show progress.

4) **Goal** is the agreed to objective measure denoting excellent performance. The intent is to set stretch, but achievable goals that equate to Excellent performance. Breakpoints will be established for each measure to correspond to the various performance color codes.

5) **Actual** will indicate the current measurement for the period being referenced.

6) **Basis for goal** notes its source; e.g. an AFMC, AEDC, Industry, or performance evaluation area expectation.

7) **Performance Color Codes** (are the same as Award Fee colors)

Blue	Lt. Blue	Dk. Green	Lt. Green	Red
Excellent	Very good	Good	Satisfactory	Unsatisfactory
				Goal Attainment

✓

The color codes blend the objective and subjective assessment of performance, based on the key performance indicator and any overarching circumstances in which they are achieved, as described in the remarks. A check mark is a quick, visual reference indicating goal attainment.

8) **Remarks** indicate any overarching or mitigating circumstance that was considered in assigning a performance color code.

PAGE 19 OF 22

ANNEX 5**RATING DEFINITIONS**

The following rating definitions shall be employed in determining whether, and to what extent, the contractor has earned or may be entitled to receive any award fee. Mishaps that result in personnel injury or death, significant test article damage, or significant facility damage due to negligence or complacency will prevail in determining the overall evaluation rating, notwithstanding the criteria below:

(1) Excellent Performance:

- a. At the performance evaluation level, the Contractor's performance of most performance measures is rated as excellent. At the contract level, most performance evaluation areas are rated as excellent.
- b. There are few, if any, areas for improvement or recurring deficiencies; these areas are minor or are non significant. The contractor has initiated effective programs to anticipate issues and implement solutions before deficiencies occur.
- c. Implements approved initiatives and achieves proposed results consistent with the period being evaluated. Innovative management actions have resulted in significant tangible benefits to the government in the form of improved quality, responsiveness, reduced cycle time, increased timeliness and/or economy, or generally enhanced effectiveness of operations.
- d. Collaborates with Government leadership to expertly and efficiently accomplish the AEDC mission and maintain the AEDC infrastructure.

(2) Very Good Performance:

- a. At the performance evaluation level, the Contractor's performance of most performance measures is rated very good. At the contract level, most performance evaluation areas are rated as very good. Although there are areas of excellent performance, these are more or less offset by lower rated performance in other performance evaluation areas.
- b. There are few areas for improvement or recurring deficiencies. If any, none are serious or result in significant mission impact; and the contractor has demonstrated/taken satisfactory corrective action.
- c. Maintains current and accurate contract cost baseline and effectively controls costs.
- d. Implements approved initiatives with moderate results consistent with the period being evaluated. Innovative management actions have resulted in tangible or intangible benefits to the Government.
- e. Responds to changing requirements and Government direction in a timely manner. Maximizes efforts to develop plans implementing requirements and changes. Maintains open communication channels with the Government.

(3) Good Performance:

a. At the performance evaluation level, the Contractor's performance of most performance measures is rated good. At the contract level, most performance evaluation areas are rated as good. Although there are areas of very good or better performance, these are more or less offset by lower rated performance in other performance evaluation areas.

b. There are some areas for improvement or recurring deficiencies. While the improvement areas or deficiencies can be serious or have some mission impact, the contractor has demonstrated/taken satisfactory corrective action to resolve them and minimize the impact.

c. Maintains adequate cost control.

d. Implements some approved initiatives and achieves some results consistent with the period being evaluated. Management actions taken or initiated have resulted in some demonstrated benefits to the Government.

e. Accommodates new requirements and responds to changing requirements in a timely manner; little negative impact on the mission.

(4) Satisfactory Performance:

a. At the performance evaluation level, the Contractor's performance of most performance measures is rated satisfactory. At the contract level, most performance evaluation areas are rated as satisfactory. Although there are areas of good or better performance, these are more or less offset by lower rated performance in other performance evaluation areas.

b. There are areas for improvement or recurring deficiencies. Although the improvement areas or deficiencies can be serious or have some mission impact, the contractor is taking actions to resolve them.

c. Minimal cost control.

d. Modest effort to implement approved initiatives with few results. Little tangible benefit is observable due to contractor effort or initiative.

(5) Unsatisfactory Performance:

a. At the performance evaluation area level, the Contractor fails to meet most performance measures. At the contract level, most performance evaluation areas are rated unsatisfactory.

b. Contractor performance fails to meet the requirements of the performance work statement. Improvement areas and recurring deficiencies result in significant impact to the AEDC mission. Little action, if any, by the contractor to address the problems.

c. Quality, responsiveness, timeliness, and/or economy in many areas require attention and action. Corrective actions have not been taken or are ineffective.

d. Repeated environmental or safety mishaps indicative of lack of attention.

ANNEX 6

Award Fee Allocations By Periods. The award fee earned by the Contractor will be determined at the completion of evaluation periods shown below. Each fiscal year is divided into two evaluation periods. The dollar amounts shown corresponding to each period is the maximum amount that can be earned during that particular period.

<u>Period</u>	<u>Potential Award Fee</u>
1 Oct 03 through 31 Mar 04	TBD
1 Apr 04 through 30 Sep 04	TBD

Option Years

1 Oct 04 through 31 Mar 05	TBD
1 Apr 05 through 30 Sep 05	TBD
1 Oct 05 through 31 Mar 06	TBD
1 Apr 06 through 30 Sep 06	TBD
1 Oct 06 through 31 Mar 07	TBD
1 Apr 07 through 30 Sep 07	TBD
1 Oct 07 through 31 Mar 08	TBD
1 Apr 08 through 30 Sep 08	TBD
1 Oct 08 through 31 Mar 09	TBD
1 Apr 09 through 30 Sep 09	TBD
1 Oct 09 through 31 Mar 10	TBD
1 Apr 10 through 30 Sep 10	TBD
1 Oct 10 through 31 Mar 11	TBD
1 Apr 11 through 30 Sep 11	TBD

Award Term Option Years

1 Oct 11 through 31 Mar 12	TBD
1 Apr 12 through 30 Sep 12	TBD
1 Oct 12 through 31 Mar 13	TBD
1 Apr 13 through 30 Sep 13	TBD
1 Oct 13 through 31 Mar 14	TBD
1 Apr 14 through 30 Sep 14	TBD
1 Oct 14 through 31 Mar 15	TBD
1 Apr 15 through 30 Sep 15	TBD